



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

L-2016-2577413  
L-2017-2619223

February 27, 2018

To: All Natural Gas Suppliers, Natural Gas Distribution Companies, Statutory Advocates, and Parties that filed comments at Docket Nos. L-2016-2577413 and L-2017-2619223.

Re: Natural Gas Technical Conference

The Pennsylvania Public Utility Commission (PUC) will be hosting a Natural Gas Technical Conference on Thursday, March 29, 2018, in Hearing Room One of the Keystone Building in Harrisburg, Pennsylvania. The conference will begin at 9:00 am and conclude at noon. This Technical Conference is intended for Natural Gas Suppliers (NGSs) and Natural Gas Distribution Companies (NGDCs) and any parties interested in the proceedings at Docket Nos. L-2016-2577413 and L-2017-2619223.

On December 22, 2016, the Commission adopted an *Advance Notice of Proposed Rulemaking Order* (ANOPR) to amend Chapter 59 regulations for changing a customer's NGS.<sup>1</sup> The proposed regulatory changes are intended to accelerate the NGS switching process while preserving safeguards to prevent the unauthorized switching of a customer's account. This was followed on August 31, 2017 when the Commission adopted an ANOPR to explore NGDC business practices<sup>2</sup> with the intent to improve the competitive natural gas market by revising how capacity is assigned, as well as addressing penalties and imbalance trading.

In the comments filed in response to these proceedings, several parties requested an opportunity to discuss the technical issues involved in these matters with the other parties and Commission staff. We agree that in person discussions of the proposals would be helpful to all interested parties and Commission staff in determining next steps. Accordingly, we are inviting all interested stakeholders to attend this Technical

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<sup>1</sup> See *Rulemaking to Amend the Provisions of 52 Pa. Code, Chapter 59 Regulations Regarding Standards For Changing a Customer's Natural Gas Supplier*. Docket No. L-2016-2577413 (entered December 22, 2016).

<sup>2</sup> See *Proposed Rulemaking: Natural Gas Distribution Company Business Practices; 52 Pa. Code § 62.225*. Docket No. L-2017-2619223 (entered August 31, 2017).

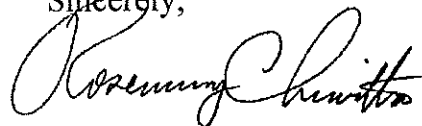
Conference to discuss the various issues involved in these proceedings. To assist stakeholders in preparing for this meeting, please refer to the attached discussion document that highlights the key topic areas that will be addressed. In addition, attendees are advised to review the orders and the comments filed by the parties in response to the orders, available on the Commission's website.

We request that attendees RSVP by sending an email to the OCMO inbox listing your attendees and the organization(s) you will be representing. Please RSVP by Friday, March 14, 2018, by sending an email to [RA-OCMO@pa.gov](mailto:RA-OCMO@pa.gov). If any stakeholder is interested in delivering a brief presentation on any specific topic(s) at the conference, please contact OCMO also by March 14, 2018 at the above-noted email address.

If you have any questions about the Technical Conference, please contact one of the following:

- Office of Competitive Market Oversight: [RA-OCMO@pa.gov](mailto:RA-OCMO@pa.gov).
- Director of the Office of Competitive Market Oversight Daniel Mumford at [dmumford@pa.gov](mailto:dmumford@pa.gov) or (717) 783-1957.
- Deputy Director of the Office of Competitive Market Oversight and Assistant Counsel with the Law Bureau Kriss Brown at [kribrown@pa.gov](mailto:kribrown@pa.gov) or (717) 787-4518.
- Nathan Paul, Bureau of Audits at [npaul@pa.gov](mailto:npaul@pa.gov) or (717) 214-8249.

Sincerely,



Rosemary Chiavetta  
Secretary

cc: Gladys M. Brown, Chairman  
Andrew G. Place, Vice Chairman  
Norman J. Kennard, Commissioner  
David W. Sweet, Commissioner  
John F. Coleman, Jr., Commissioner  
Jan H. Freeman, Executive Director  
Bohdan R. Pankiw, Chief Counsel  
Charles E. Rainey Jr., Chief Administrative Law Judge  
Paul Diskin, Bureau of Technical Utility Services  
Richard Kanaskie, Director, Bureau of Investigation and Enforcement  
Alexis M. Bechtel, Director, Bureau of Consumer Services  
Robert C. Gramola, Director, Bureau of Administration  
Kelly Monaghan, Director, Bureau of Audits

Rosemary Chiavetta, Secretary of the Commission  
Cheryl Walker Davis, Office of Special Assistants  
Tom Charles, Director, Office of Communications  
June Perry, Office of Legislative Affairs  
Daniel Mumford, Director of Office of Competitive Market Oversight  
Kriss Brown, Deputy Director of Office of Competitive Market Oversight  
Nathan Paul, Bureau of Audits

# Natural Gas Technical Conference

THURSDAY MARCH 29, 2018

9:00 am – Noon

Keystone Building – Hearing Room One

## DISCUSSION DOCUMENT

This document is intended to highlight the key topic areas that Commission staff would like to explore and discuss. As time permits, Commission staff will also entertain discussion of any technical issues related to the subject proceedings at the conference.

### Accelerating NGS Switching

1. Gas Nomination Process/wholesale market FERC rules. Procedures that place NGDCs in the middle of transactions between NGSs potentially violate FERC “shipper must have title” rules?
2. Impact on demand curves, capacity assignment, pricing, etc. Need for daily changes?
3. The use of estimated and customer-supplied meter reads.
4. Different standards/timeframes for different NGDCs? Different rate classes?
5. To what extent are technical concerns alleviated if limitations are imposed (i.e. one switch per billing cycle)?

### Capacity Assignment

1. PTC impacts/presentation.
2. Experience in other states (New York, Virginia).
3. Does this shift competition (i.e., removes capacity from competition)?
4. Suppliers benefiting from capacity they didn’t pay for/double dipping if the NGDC sells capacity?
5. Auditing issue – PGC/GCR true-up problems.
6. Potential FERC problems – must pay for capacity.

## **Virtual Access**

1. “Slice of the pie” concept:
  - a. How to handle the limitations or are NGDC’s workarounds good enough?
  - b. Capacity should be able to serve the customer it’s released for.
2. Virtualization is a “step backwards”?
3. Virtualization reduces the value of the asset?

## **Daily Imbalance Trading**

1. What technological features are needed to make this work like an electronic bulletin board?
2. Is upstream trading sufficient or do we need some on the NGDC system?
3. Is lack of communication the bigger issue here?
4. Introduces a reliability risk rather than a benefit?
5. Impact to interruptible customers and other rate classes.

## **Penalties – During non-emergency conditions**

1. Market based versus flat fee.
  - a. At what fee level and does there have to be a minimum level?
  - b. Should there be safe harbors when it benefits the system?
  - c. Tier approach based upon?
2. Can it be pegged to a local hub for each NGDC? Multiple hubs for different areas, etc? Some NGDCs have widely scattered service territories.
3. Interruptible constraints and problems.
4. Impact of tolerance bands within a penalty structure.